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RUEKJCS/SECDEF WASHDC PRIORITY 0154  
RUEAIIA/CIA WASHDC PRIORITY 0194  
RHMFISS/COMUSKOREA J2 SEOUL KOR PRIORITY  
RHHJJAA/JICPAC PEARL HARBOR HI PRIORITY 0071  
RUCGEVC/JOINT STAFF WASHDC PRIORITY 0099  
RHEHAAA/NSC WASHDC PRIORITY  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 0039

S E C R E T SECTION 01 OF 02 SHENYANG 000134

SIPDIS

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TAGS: [CH](#) [ECON](#) [KN](#) [KS](#) [PGOV](#) [PREF](#) [PREL](#) [RS](#)  
SUBJECT: DANDONG VANADIUM SEIZURE PART OF "CONTINUING  
ENFORCEMENT EFFORT"

REF: KPP20090729032001

Classified By: CONSUL GENERAL STEPHEN B. WICKMAN. REASONS  
1.4(B/D).

11. (S) Summary. Reports of a July 24 seizure of 70 kilograms of vanadium at the China-North Korea border at Dandong were confirmed by Customs Officials, who portrayed the event as business as usual. A key government contact, however, took pains to tell us that in fact things have tightened up substantially at the Dandong crossing in the period following the DPRK's latest nuclear test, confirming direct observations we made as early as May 27. Meanwhile, trade continues. Contacts in the shipping business and in the People's Liberation Army (PLA) nonetheless pooh-poohed South Korean media reports that large vehicle shipments in June had any military uses. End Summary

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Inspections\*Business As(Un)Usual  
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12. (C) A Senior Customs Official in the Dalian Customs Office, which supervises the Dandong Customs Office, told ConGenOff July 29 that the widely reported recent seizure of 70 kilograms of vanadium was part of a "continuing enforcement effort" that "harmonizes" existing Chinese law and the implementation of U.N. sanctions. The official pointed out that, based on China's longstanding export control regime, the shipment was illegal and subject to seizure regardless of the current U.N. sanctions. He went on to emphasize that China takes the U.N. resolutions very seriously and will "continue to strictly enforce them." When asked if the enforcement of export restrictions had had any adverse impact on normal trade, the Customs Official responded that trade in ordinary goods continues normally in both directions. (Note: Our usual contacts in Dandong deflected our inquiries and referred us to Dalian for the final word.)

13. (S) A close contact of ConGenOff who has provided extremely reliable information in the past painted a somewhat different picture of Dandong than the "all in a days work" spin provided by Dalian Customs. This contact, who regularly ships items across the border, ostensibly for a major State-owned enterprise (SOE) but actually on behalf of China's central government, stated that things are much stricter in Dandong now than they have been in the past. He noted that virtually all outbound vehicles crossing the border are subjected to relatively thorough inspections, after which Customs seals are applied. The cabs and undercarriages of the vehicles are checked as the vehicles depart and, in the event that the seals show evidence of tampering, the inside of the vehicle is rechecked. With

regard to vehicles coming in from the DPRK, he said the cabs and undercarriages are checked as the vehicles come in. Again, if the DPRK's Customs seals show evidence of tampering, the vehicle is immediately subjected to inspection; otherwise it goes into the yard for normal Customs clearance.

¶4. (S) According to the contact, rail and sea shipments are also receiving enhanced inspections. His cargo, which moves primarily by rail, had until recently received only perfunctory Customs scrutiny as long as he had the required paperwork in order. Now, he reported, even his rail cars are being inspected. He seemed somewhat hurt that inspectors even went so far in one instance to make him open a crate containing a piece of relatively heavy equipment.

¶5. (C) During a day trip to the Dandong Land Port on May 27, just after the nuclear test, ConGenOff noted that things were already much different than during his prior visits. New x-ray equipment had been installed sometime in the first half of the year and the truck terminal had installed what appeared to be passive radiation monitors. (ConGenOff has experience with such radiation monitors from previous assignments.) During the period of observation, every driver was made to dismount their vehicle, and every cab was searched. Searches were also conducted of the undercarriage of each vehicle, and Customs Inspectors seized a produce box (about the size of a US book carton) full of plastic bags containing white powder from a vehicle entering from the DPRK. The x-ray equipment appeared to be in operation, but there was no way to determine the status of the other devices.

¶6. (C) While the visit was unofficial and unannounced, it was clear that local officials were aware of ConGenOff's

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presence, and we suspected at the time that the seizure may even have been staged for our benefit. While plainclothes surveillance of ConGenOff was quite obvious, no effort was made to discourage the observation. ConGenOff was able to observe the seizure of the contraband and the inspection of a truck with broken seals from a distance of less than ten meters.

¶7. (C) The volume of traffic in both directions did not appear significantly different than during previous observations, but the flow was substantially slower due to the enhanced inspections already in place at the time. Contacts involved in shipping to the DPRK said at the time that the port is now occasionally opened on weekends to deal with any backlog. As has been the case in the past, most outbound trucks appeared to be fully loaded, based on the compression of their suspension, while at least one third of the inbound trucks appeared to be empty or nearly so.

¶8. (S) Comment. The subject of the enforcement of U.N. resolutions remains a touchy issue here, and our Customs and Foreign Affairs Office contacts were plainly uncomfortable discussing the subject when we contacted them in Dandong and Dalian. The contact mentioned in paragraph three above invited ConGenOff to a social outing just the day before the story of the vanadium seizure was picked up by Reuters. He is a government employee and spent a great deal of the time "complaining" about how strict things are becoming in Dandong. It seems likely that his aim was to convey the message that China is doing its part, without appearing to say so. End comment.

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Would You Buy A Used Car From This Country?  
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¶9. (S) Recent reports in the South Korean media (principally Chosun Ilbo) have made much of the shipment of a large number of vehicles into the DPRK during June. Multiple sources in Shenyang who have provided reliable information in the past told ConGenOff that the vehicles included some ninety (90) used Jiefang trucks and utility vehicles, all of which were commercial vehicles equipped with gasoline engines, not the diesel variety used by the PLA. The remaining vehicles were used Volkswagen Jettas, reportedly retired from various taxi fleets. The sources were quite in agreement with the Chosun Ilbo that the vehicles were likely purchased by someone on

behalf of the DPRK military, since only the military has the funds for such a large purchase. However, they pointed out that it is not unusual for the DPRK military to be engaged in such commercial transactions. The contacts said the vehicles will likely be refurbished for sale in China, used car market. One PLA officer chided ConGenOff for even raising the issue that the shipments might be military. He pointed out that China is well aware of U.S. satellite technology and said plainly that if China wanted to send military vehicles to the DPRK they would be certain to choose a more secure method than the Dandong bridge on a Saturday afternoon.

¶10. (C) Comment. Regarding reports that moving a large number of vehicles on a Saturday is rare, mentioned above, the bridge is more frequently opened on weekends as the inspection procedures have consumed more time. However, the bridge has always been made available for government shipments on weekends, and only Jiefang and Brilliance Automotive, both parts of Chinese SOEs, are authorized vehicle exporters to the DPRK. Export permits for these vehicles would have expiration dates, and it is natural that overtime would be required to accommodate normal traffic along with the large number of vehicles. End Comment.

WICKMAN